the lease so issued, consistent with Article 82 of the Convention:

1. The Convention requires payments annually by coastal States party to the Convention with respect to all production at a site after the first five years of production at that site. Any such payments will be made by the U.S. government and not the lessee.

2. For the purpose of this stipulation regarding payments by the lessee to the U.S., a site is defined as an individual lease whether or not the lease is located in a unit.

3. For the purpose of this stipulation, the first production year begins on the first day of commercial production (excluding test production). Once a production year begins it shall run for a period of 365 days whether or not the lease produces continuously in commercial quantities. Subsequent production years shall begin on the anniversary date of first production.

4. If total lease production during the first five years following first production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the following provisions of this stipulation will not apply. If after the first five years of production but prior to termination of this lease, production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the following provisions of this stipulation will no longer apply effective the day after the suspension volumes have been produced.

5. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, no lease production royalty is due or payable by the lessee to the U.S., then the lessee will be required to pay, as stipulated in paragraph 9 below, Convention-related royalty in the following amount so that the required Convention payments may be made by the U. S. government as provided under the Convention:

a. In the sixth year of production, one percent of the value of the sixth year's lease production saved, removed, or sold from the leased area;

b. After the sixth year of production, the Convention-related royalty payment rate shall increase by one percent for each subsequent year until the twelfth year and shall remain at seven percent thereafter until lease termination.

6. If the U.S. becomes a party to the Convention after the fifth year of production from the lease, and a lessee is required, as provided herein, to pay Convention-related royalty, the amount of the royalty due will be based on the above payment schedule as determined from first production. For example, U.S. accession to the Convention in the tenth year of lease production would result in a Convention-related royalty payment of five percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of six percent would be due, and so forth as stated above, up to a maximum of seven percent per year.

7. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, lease production royalty is paid but is less than the payment provided for by the Convention, then the lessee will be required to pay to the U.S. government the Convention-related royalty in the amount of the shortfall.

8. In determining the value of production from the lease if a payment of Convention-related royalty is to be made, the provisions of the lease and applicable regulations shall apply.

9. The Convention-related royalty payment(s) required under paragraphs 5 through 7 of this stipulation, if any, shall not be paid monthly but shall be due and payable to MMS on or before 30 days after the expiration of the relevant production lease year.

10. The lessee will receive royalty credit in the amount of the Convention-related royalty payment required under paragraphs 5 through 7 of this stipulation, which will apply to royalties due under the lease for which the Convention-related royalty accrued in subsequent periods as non-Convention related royalty payments become due.

11. Any lease production for which the lessee pays no royalty other than a Convention-related requirement, due to lease royalty suspension provisions or through application and approval of relief from royalties, will count against the lease's applicable royalty suspension or relief volume.

12. The lessee will not be allowed to apply or recoup any unused Convention-related credit(s) associated with a lease that has been relinquished or terminated.

Approved: July 13, 2001.

Thomas R. Kitsos,

Acting Director, Minerals Management Service.

Approved: July 13, 2001.

Piet deWitt,

Acting Assistant Secretary, Land and Minerals Management.

[FR Doc. 01–18399 Filed 7–20–01; 8:45 am]

BILLING CODE 4310–MR–P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Request for Comments on the Draft Proposed 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2002–2007

AGENCY: Minerals Management Service, Interior.

ACTION: Notice and request for comments.

SUMMARY: Minerals Management Service (MMS) requests comments on the Draft Proposed 5-year OCS Oil and Gas Leasing Program for 2002–2007. This is the first proposal for a new program to succeed the current program that expires on June 30, 2002.

Section 18 of the OCS Lands Act (43 U.S.C. 1344) specifies a multi-step process of consultation and analysis that must be completed before the Secretary of the Interior may approve a new 5-year program. The required steps following this notice include the development of a proposed program, a proposed final program, and Secretarial approval. Pursuant to the National Environmental Policy Act, MMS also will prepare an Environmental Impact Statement (EIS) for the new 5-year program.

DATES: Please submit comments and information to the MMS on or before September 21, 2001.

ADDRESSES: Respondents should mail comments and information to: Ralph V. Ainger, Minerals Management Service (MS–4010), Room 2324, 381 Elden Street, Herndon, Virginia 20170. MMS will accept hand deliveries at 1849 C Street, NW., Room 4230, Washington, DC. Envelopes or packages should be marked "Comments on the Draft Proposed 5-Year OCS Oil and Gas Leasing Program for 2002–2007." When submitting any privileged or proprietary information, respondents should mark the envelope, "Contains Proprietary Information."

MMS will accept comments submitted by electronic mail. Send e-mail comments to MMS5-year.document@mms.gov. The draft proposed program decision document may be downloaded from the MMS internet website at www.mms.gov, and copies of all comments received will be posted at that website after the comment period closes.

Public Comment Procedures

Our practice is to make comments, including the names and home addresses of respondents, available for public review. An individual commenter may ask that we withhold name, home address, or both from the public record, and we will honor such a request to the extent allowable by law. If you submit comments and wish us to withhold such information, you must state so prominently at the beginning of your submission.

We will not consider anonymous comments, and we will make available for inspection in their entirety all comments submitted by organizations and businesses or by individuals identifying themselves as representatives of organizations and businesses.

FOR FURTHER INFORMATION CONTACT: Ralph V. Ainger at (703) 787–1215.

SUPPLEMENTARY INFORMATION: MMS requests comments from States, local governments, Native groups, tribes, the oil and gas industry, Federal Agencies, environmental and other interest organizations, and all other interested parties to assist in the preparation of a 5-year OCS oil and gas leasing program for 2002–2007 and applicable EIS.

Background

Section 18 of the OCS Lands Act requires the Secretary of the Interior to prepare and maintain a schedule of proposed OCS oil and gas lease sales determined to ''best meet national energy needs for the 5-year period following its approval or reapproval.'' This draft proposed program is the first proposed schedule of OCS lease sales for the 2002–2007 timeframe. Before the new 5-year program may be approved and implemented, MMS must accept and consider comments on the draft program and then issue for public review a proposed program and draft EIS, as well as a proposed final program and final EIS.

Summary of the Draft Proposed Program

In developing the draft proposed program for 2002–2007, MMS considered leasing only in the areas of the OCS that have not been withdrawn from disposition by leasing through June 30, 2012, under section 12 of the OCS Lands Act. The program proposes sales in the available offshore areas that have the highest oil and gas resource values and highest industry interest while recognizing concerns relating to potential environmental impacts and competing uses of ocean and coastal areas. The proposed schedule also is consistent with the recommendations of affected state and local governments.

The draft program proposes a total of 20 OCS lease sales in 8 areas (5 off Alaska and 3 in the Gulf of Mexico). Maps A and B show the areas proposed for leasing, and Table A lists the location and timing of the proposed lease sales.

Alaska Region

In the Alaska Region, the draft proposed program schedules multiple lease sales in the Beaufort Sea and Cook Inlet/Shelikof Strait Planning Areas, which are the two areas of most interest to the oil and gas industry. Multiple offerings are consistent with the Governor of Alaska's recommendations and the state's administration of its offshore oil and gas program. Portions of these areas that have been excluded from previous OCS programs and sales are excluded as recommended by the Governor. In addition, the Chukchi Sea and Hope Basin Planning Areas are combined for leasing as they have been in previous programs. Two lease sales are proposed to pursue the high resource potential of the Chukchi Sea area in conjunction with potential natural gas resources extending into the adjacent Hope Basin area.

The Norton Basin Planning Area is included on the schedule as a potential source of natural gas for local residents and businesses, and it would be offered under a new approach to OCS leasing. The Norton Basin sale is proposed for 2003, but before MMS proceeds, it will issue a request for nominations and comments and will move forward only if environmentally acceptable blocks are nominated by industry. If this does not occur, the sale will be postponed and a request for nominations and comments will be issued again the following year (and so on through the 5-year schedule until the sale is held or the schedule expires).

Gulf of Mexico Region

In the Central and Western Gulf of Mexico Planning Areas, which are the two areas of highest resource potential and interest, the draft proposed program would continue the long-running policy of scheduling annual areawide lease sales to which the industry has become accustomed. In the Eastern Planning Area, the program proposes two lease sales in a portion of the area that was identified for Sale 181 in the 5-year program for 1997–2002. That original Sale 181 area is the only part of the Eastern Planning Area not withdrawn under section 12. The portion of that area proposed for leasing in this draft proposed program consists of 256 blocks in deeper waters adjacent to the Central Gulf Planning Area. Selection of this area reflects the Secretary's decision in the proposed Notice of Sale for Sale 181 to exclude areas in the original Sale 181 area to address concerns expressed by the State of Florida and to minimize potential conflicts with military operations.

Maps A and B show the areas proposed for leasing consideration in the new program. Table A is a summary of the proposed schedule of lease sales for the new program. Individual planning area maps are included in the draft proposed program decision document.

TABLE A.—DRAFT PROPOSED PROGRAM FOR 2002–2007—LEASE SALE SCHEDULE

Sale No.	Area	Year
184	Western Gulf of Mexico	2002
185	Central Gulf of Mexico	2003
186	Beaufort Sea	2003
187	Western Gulf of Mexico	2003
188	Norton Basin	2003
189	Eastern Gulf of Mexico	2003
190	Central Gulf of Mexico	2004
191	Cook Inlet/Shelikof Strait	2004
192	Western Gulf of Mexico	2004
193	Chukchi Sea/Hope Basin	2004
194	Central Gulf of Mexico	2005
195	Beaufort Sea	2005
196	Western Gulf of Mexico	2005
197	Eastern Gulf of Mexico	2005
198	Central Gulf of Mexico	2006

TABLE A.—DRAFT PROPOSED PROGRAM FOR 2002–2007—LEASE SALE SCHEDULE—Continued

Sale No.	Area	Year
199	Cook Inlet/Shelikof Strait	2006
200	Western Gulf of Mexico	2006
201	Central Gulf of Mexico	2007
202	Beaufort Sea	2007
203	Chukchi Sea/Hope Basin	2007

Assurance of Fair Market Value

Section 18 of the OCS Lands Act requires receipt of fair market value for OCS oil and gas leases and the rights they convey. The draft proposed program provides for setting minimum bid levels by individual lease sale based on market conditions and for continuing to use a two-phase bid evaluation process.

Information Requested

We request all interested and affected parties to comment on the size, timing, and location of leasing and the procedures for assuring fair market value that are proposed in the Draft Proposed 5-Year OCS Oil and Gas Leasing Program for 2002–2007. Respondents who submitted information in response to the December 12, 2000, **Federal Register** notice requesting comments on preparing the 5-year program for 2002–2007 may wish to reference that information, as appropriate, rather than repeating it in their comments on the draft proposed program. We also invite comments and suggestions on how to proceed with the section 18 analysis for the next draft of the new program, the proposed program.

Section 18(g) authorizes confidential treatment of privileged or proprietary information that is submitted. In order to protect the confidentiality of such information respondents should include it as an attachment to other comments submitted and mark it appropriately. On request MMS will treat such information as confidential from the time of its receipt until 5 years after approval of the new leasing program, subject to the standards of the Freedom of Information Act. MMS will not treat as confidential any aggregate summaries of such information, the names of respondents, and comments not containing such information.

Next Steps in the Process

MMS plans to issue the proposed program and draft EIS in autumn 2001 for a 90-day comment period. We plan to issue the proposed final program and final EIS in spring 2002. The Secretary may approve the new 5-year program 60 days later to go into effect as of July 1, 2002.

Dated: July 16, 2001.

Thomas R. Kitsos,

Acting Director, Minerals Management Service.

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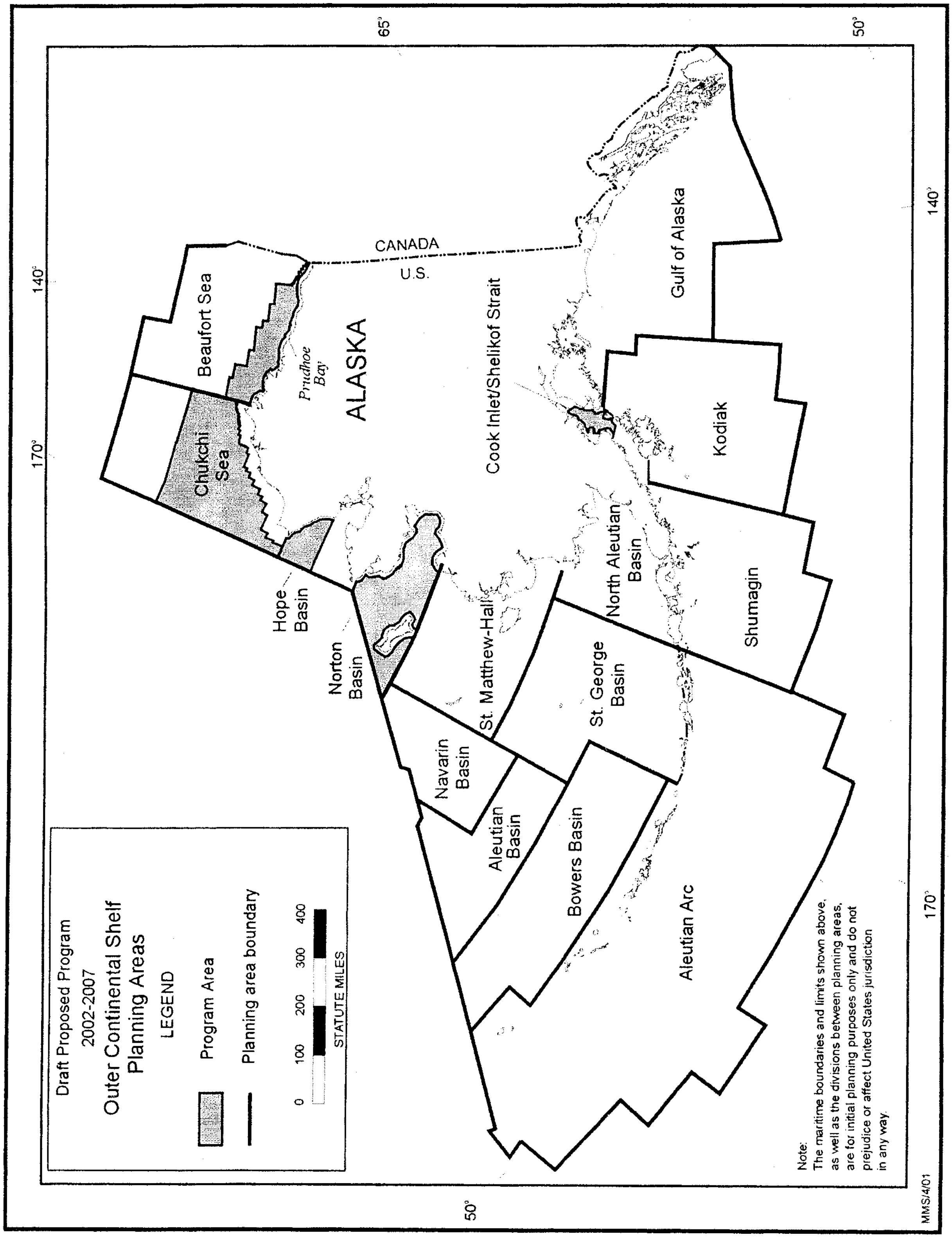
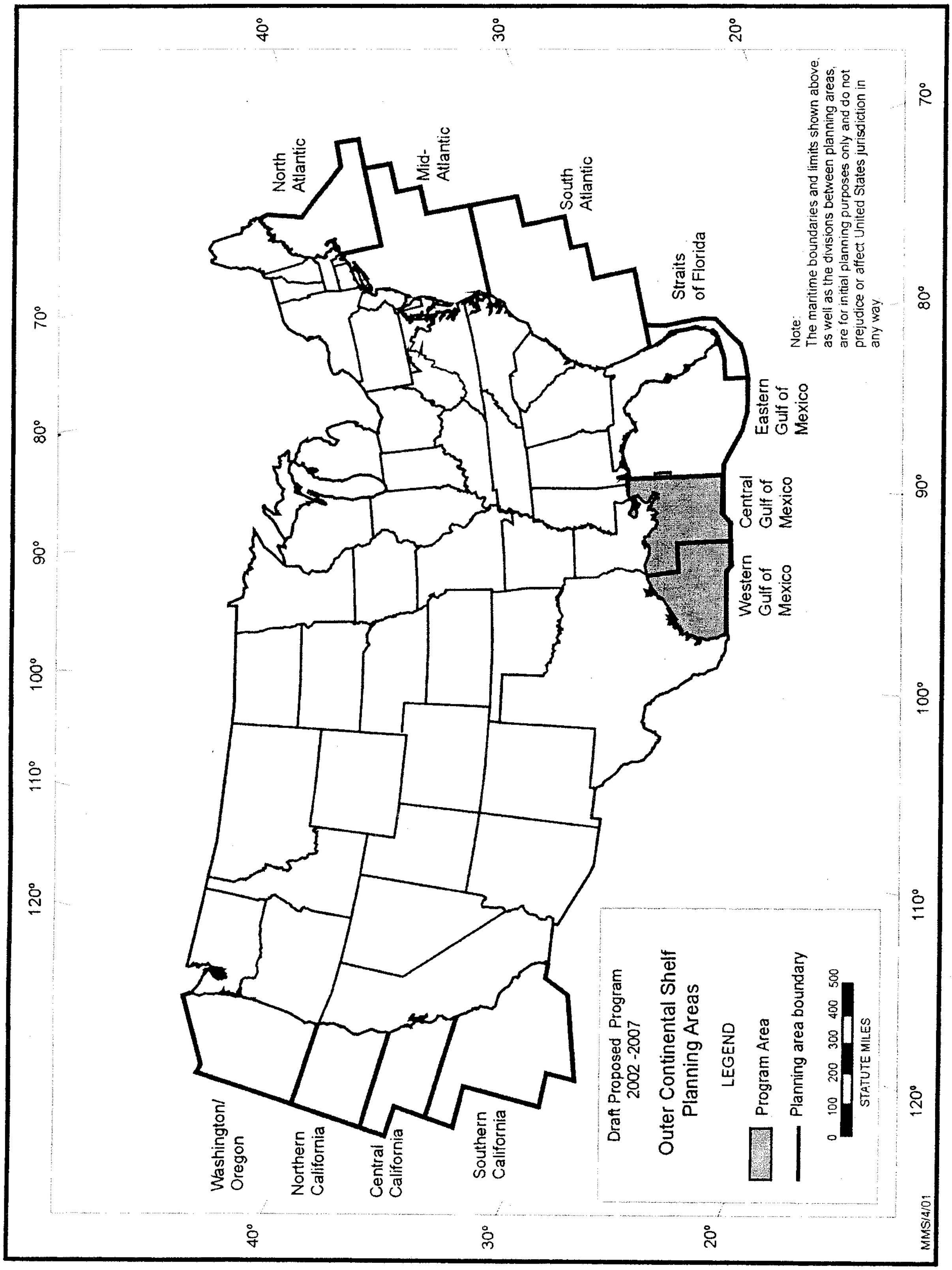

Draft Proposed Program
2002-2007
Outer Continental Shelf
Planning Areas
LEGEND
Program Area
Planning area boundary
0 100 200 300 400
STATUTE MILES
Note:
The maritime boundaries and limits shown above, as well as the divisions between planning areas, are for initial planning purposes only and do not prejudice or affect United States jurisdiction in any way.
MMS/4/01
CANADA
U.S.
ALASKA
Prudhoe Bay
Beaufort Sea
Chukchi Sea
Hope Basin
Norton Basin
Navarin Basin
St. Matthew-Hall
Cook Inlet/Shelikof Strait
Gulf of Alaska
Kodiak
Shumagin
North Aleutian Basin
St. George Basin
Aleutian Basin
Bowers Basin
Aleutian Arc
65°
50°
140°
170°

Map A. Alaska



Map B. Lower 48 States

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